



ENVIRONMENTAL LAW & POLICY CENTER
Protecting the Midwest's Environment and Natural Heritage

June 21, 2012

Procurement Policy Board
511 W. Capitol Avenue, Suite 102
Springfield, IL 62704
Re: Report of Communications with the IPA

Hello,

Attached, please find a report of my communication with the Illinois Power Agency on June 14, 2012. Should you have any questions please contact Colleen Belak, my legal assistant, by phone at 312-795-3718 or by email at cbelak@elpc.org.

Sincerely,

Bradley Klein
Senior Attorney
Environmental Law & Policy Center
35 E Wacker Drive, suite 1600
Chicago, IL 60601
312-795-3746

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REPORT OF COMMUNICATIONS WITH THE ILLINOIS POWER AGENCY

This form must be completed and submitted to the Illinois Procurement Policy Board within 30 days for each communication report required by 30 ILCS 500/50-39. Submit reports to:

PROCUREMENT POLICY BOARD
511 W. CAPITOL AVENUE, SUITE 102
SPRINGFIELD, IL 62704

Or you may send a signed, scanned copy via email with "*IPA Communication Report*" in the Subject line to: ppb@illinois.gov

Date of Communication: 6/14/2012 Time of Communication: 12:30 pm

Type of Communication:

- Telephone
 In Person
 Electronic (Email, Fax, Etc.) – Attach A Complete Copy of the Entire Communication String
 Written – Attach Copy
 Other

Initiator:

Initiator of Communication: Brad Klein
Representing: ELPC
Location: Chicago
Email Address (if communication was via email) bklein@elpc.org
Telephone Number (if telephonic):
Is this person a Lobbyist required to register under the Lobbyist Registration Act Yes No
Duration of Call or In-Person Communication:

Recipient(s): *(If there are additional persons involved in the communication, attach an additional sheet that lists the other participants' names, job titles, which entity they represent, email address and/or telephone number, if applicable)*

Recipient One Name: Arlene Juracek
Recipient Title: Director
Representing: Illinois Power Agency
Location:
Email Address (if communication was via email) Arlene.Juracek@illinois.gov
Telephone Number (if telephonic):

Recipient Two Name: See attached email correspondence for additional recipients
Recipient Title:
Representing:
Location:
Email Address (if communication was via email):
Telephone Number (if telephonic):

Recipient Three Name:
Recipient Title:
Representing:
Location:
Email Address (if communication was via email):
Telephone Number (if telephonic):

If any of these additional participants are lobbyists required to register under the Lobbyist Registration Act, they must submit a written report to be submitted with this communications report to the Procurement Policy Board that memorializes the communication that includes, but is not limited to (i) the date and time of each communication; (ii) the identity of each person from whom the written or oral communication was received, the individual or entity represented by that person, and any action the person requested or recommended; (iii) the identity and job title of the person to whom each communication was made; (iv) if a response is made, the identity and job title of the person making each response; (v) a detailed summary of the points made by each person involved in the communication; (vi) the duration of the communication; (vii) the location or locations of all persons involved in the communication and, if the communication occurred by telephone, the telephone numbers for the callers and recipients of the communication; and (viii) any other pertinent information.

Communication Details:

Provide a detailed summary of the points made by each person involved in the communication:
See attached email correspondence

Was a response made? If so, complete the following for each person making the response (*attach an additional sheet that lists the other respondents' names, job titles, which entity they represent, email address and/or telephone number, if applicable*):

Respondent Name: See attached email correspondence

Respondent Title:

Location:

Telephone Number (if telephonic):

Provide a detailed summary of the response:

See attached email correspondence

Other pertinent information:

Brad Kleis
SIGNATURE

6/21/12
DATE

Bradley Klein

From: Juracek, Arlene <Arlene.Juracek@Illinois.gov>
Sent: Thursday, June 14, 2012 12:36 PM
To: Bradley Klein; Strong, Michael
Cc: Sarah Wochos; Tom Kennedy; rzuraski@icc.illinois.gov; Sagone, John; Feeley, John; Cardoni, Jessica
Subject: RE: Meeting with Staff re: DG procurement program

Follow Up Flag: Follow up
Flag Status: Flagged

I'm showing time set aside for a Staff call on the DG installer rule that afternoon, so a late morning discussion as proposed in your email makes sense for that day, as well. We'll all be in a DG state of mind.

I believe this discussion is reportable under the new rules applicable to reporting conversations that influence the Procurement Plan to the Procurement Policy Board. Let me suggest that ELPC take the lead reporting role using the forms available through links on the IPA's web page, since you have been doing a great deal of research on this and would be reporting information to us (the provider of the info, not the recipient, has the reporting duty). As you know, we did not need to do this with the DG workshops, as these were public meetings with details reported on the IPA's web site. In this case, the small group meeting is probably more productive, but we will need to tell the world we met. Links to the CT program could be included in your report.

I have been thinking that the standard offer to the small guys based on an adjusted procurement result for the bigger guys is the way to go. We also need confidential price benchmarks. I have already alerted both NERA and Levitan that they will need to do the benchmark work and also provide information to scale the bid results for purposes of the standard offer to smaller installations.

Finally, we have been given legislative authority to spend up to \$8 million of the funds available in the IPA's Renewable Energy Fund that is funded by ARES payments of ACP's. It would be helpful to get the group's thoughts on how this might be used to purchase DG under multi-year contracts.

From: Bradley Klein [BKlein@elpc.org]
Sent: Wednesday, June 13, 2012 4:50 PM
To: Juracek, Arlene; Strong, Michael
Cc: Sarah Wochos; Tom Kennedy; rzuraski@icc.illinois.gov; Sagone, John; Feeley, John; Cardoni, Jessica
Subject: RE: Meeting with Staff re: DG procurement program

Arlene and Michael - A few of the staff at the ICC and ELPC are sitting down the morning of June 28th to discuss some ideas for a potential distributed solar procurement program in Illinois. Staff suggested that I reach out to you to see if you might be interested and available to join us.

I'm particularly interested in discussing an innovative program from Connecticut called ZREC ("zero-emission renewable energy credit") that may provide some good lessons for us in Illinois. Notably, the ZREC program includes the type of hybrid auction (for larger projects) / standard offer (for smaller projects) that we've been discussing in the IPA's workshops. My understanding is that folks in the industry generally feel that this is a well-designed program and that there has been a lot of interest and participation.

Program Summary:

- A ZREC is a "zero-emission renewable energy credit" – solar, wind, small hydro. The two investor-owned utilities in CT – United Illuminating (UI) and CT Light & Power (CL&P) – are responsible for implementing the program. They're implementing it in tandem using the same rules, the same procurement format, the same timeline.

- The approved budget for *new* ZREC contracts is \$8 million per year for six years, and contract terms are 15 years each, so the total ZREC program budget is \$720 million over 20 years. CT has provided a high degree of transparency around the annual budget and timeline for the program. This allows for long-term planning and efficiencies.

The utilities will conduct annual procurements as follows:

- The overall statewide budget will be evenly allocated between three system-size tiers. One-third will be allocated to ZRECs from large (250kW-1000kW) systems, one-third from medium (100kW-250kW) systems, and one-third from small (less than 100kW) systems.
- There will be a reverse auction for large and medium system ZRECs in the first half of the year. Bidders will submit a fixed price/kWh for a 15-year contract for ZRECs for each size category. Here's the [RFP for this year's auction](#). Bids were due yesterday, June 12th. Winning bidders will be notified on July 17th and standard [15-year contracts](#) will be signed with successful bidders on August 7th.
- RECs from small systems will be procured through a tariff rider and a 15-year service agreement that will be published after the results of the auctions are posted and approved. The price will be equivalent to the weighted average accepted bid price in the medium system auction, plus 10%. As discussed in our workshops, this will help provide the price certainty, transparency, and low transaction costs that developers of small systems need. The 10% adder accounts for economies of scale available to larger system sizes.

The procurement schedule and lots of supporting information about the CT ZREC process is available here - http://www.cl-p.com/REC_RFP/

The PURA's decision document establishing the ZREC program is available here - http://www.ct.gov/deep/lib/deep/press_releases/2012/2012april4lzrecdecision.pdf

Thanks Arlene and Michael. Please feel free to distribute this information about the Connecticut program to the rest of the workshop participants.

Best regards,
Brad

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> On Jun 4, 2012, at 2:41 PM, "Sagone, John" <jsagone@icc.illinois.gov<<mailto:jsagone@icc.illinois.gov>>> wrote:

>

> Brad – Staff is amenable to meeting with ELPC and anyone ELPC might wish to invite regarding the DG procurement program and review process. Staff would be available the last week of June to meet, and would suggest the afternoon of June 25 or June 26, or the morning of June 28. Staff would also suggest that because it is up to the IPA to include distributed renewable energy generation in its upcoming plan, it would seem logical to include them as well, but we will leave that to ELPC's discretion. – John S.